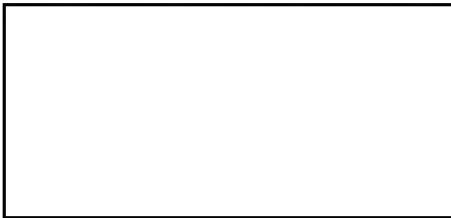


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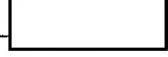


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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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State Dept. review completed

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**FAR EAST**

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9. Fighting between Vietnam National Army and Binh Xuyen may break out near Saigon (page 10).

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## GENERAL

1. TASS correspondent stresses Soviet desire for negotiations on  
East-West issues:

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A TASS representative stated on 12 April that the United States should enter direct negotiations with Communist China on the Formosa question along the lines of

the recent meetings in Bern on the question of the Chinese students in the United States.

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The TASS correspondent asserted that American negotiations with the Chinese would produce "some concrete results," but warned that they would be "very slow" as "new revolutionaries are very difficult and so proud."

He declared that the conclusion of an Austrian treaty would be a start toward discussions on Germany. A working arrangement to deal with Germany, he said, could be "slowly" established.

The TASS representative asked why President Eisenhower did not invite Marshal Zhukov to visit Washington. He thought such an invitation would be accepted with alacrity and would provide "two old comrades-in-arms" with an opportunity for an exchange of views, and might serve as a basis for further negotiations.

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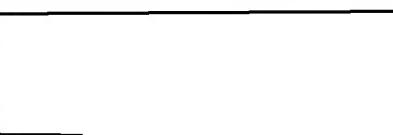
Comment: These remarks indicating the Soviet government's belief in the possibility of new negotiations serve the same purpose as Premier Bulganin's answer on 23 April to a deliberately encouraged question in which he expressed willingness to meet with Western leaders. Soviet diplomats have several times privately commented on the favorable opportunities presented by Zhukov's former association with President Eisenhower.

The correspondent's remarks about the need for patience in dealing with the Chinese revive a Soviet theme circulated at the Geneva conference. As at that time it again serves Moscow's interest to pose as the reasonable mediator disclaiming responsibility for the actions of its ally.

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2. Britain proposes disarmament for four-power talks agenda:

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Britain would like to include the question of disarmament on the agenda of a four-power meeting, according to Anthony Nutting, British representative to the ~~UN~~ disarmament subcommittee talks in London. The British government wants to avoid a break in the present discussions in London in order to retain the "proper climate" for extending an invitation to the USSR in May for four-power talks.

Comment: Announcement in Britain before the general election on 26 May that disarmament would be a subject of four-power talks would enable the Conservatives to counter left-wing Labor charges that the government is not sufficiently concerned with the threat of nuclear warfare.

The British believe that four-power talks should not be merely a propaganda exercise, but that the agenda should include a study of ways and means of dealing with all outstanding East-West issues.

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### FAR EAST

3. Chinese Communist spokesman hints at early release of American airmen:

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The Chinese Communist ambassador in Stockholm asked UN secretary general Hammarskjold, in a 23 April interview held at the latter's request, how Hammarskjold would "handle the release" of American airmen if he were in Chou En-lai's position. Hammarskjold interpreted this question as evidence that Peiping has moved from the question of "whether to release" to the question of "how to release" the Americans.

Hammarskjold recommended that Peiping release the 11 airmen of the "spy" case and the four jet pilots not yet charged with anything except "intrusion" by commuting their sentences.

Comment: The Chinese Communists have been expected, for propaganda purposes, to release during 1955 some of the 56 Americans they admit holding.

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The Bandung conference seemed to strengthen the possibility of some early releases, as several of the delegates reportedly found occasion to speak to Chou about the detained Americans. Moreover, it would appear in Peiping's interest, in its current bid for direct negotiations on Formosa, to offer evidence of "good intentions" on one of the points suggested in the Department of State's statement of 23 April.

## SOUTHEAST ASIA

### 4. Bao Dai's plan seen influenced by US views:

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Bao Dai's plan for the replacement of Premier Diem is French-influenced but not French-inspired, in the judgment of the American embassy in Paris.

The plan is, moreover, clearly influenced by American views, since both Bao Dai and the French would probably have chosen candidates other than Phan Huy Quat, but for their belief that Quat is the man most acceptable to the United States.

The embassy believes that American views now carry more weight with Bao Dai than do French views, owing to the importance of American aid. Bao Dai is the "last person to overlook his own interests," and is therefore determined not to antagonize the United States. He hopes to persuade the United States to share responsibility for a change of government in Vietnam, but to refrain from taking an active role in the "everyday" operations of the government.

The embassy recognizes that it will be extremely difficult to avoid the impression, if Diem is replaced, that he has lost and the sects have to some extent won.

Comment: The dominance of American over French advice in Bao Dai's actions regarding Diem would probably no longer obtain once American assent to his removal had been granted. Furthermore the French exert a more direct and substantial influence in the "everyday" affairs of the government than the United States. Despite Bao Dai's choice of Quat to head

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the next government, the government which emerges from the proposed reorganization might be far from representing the sort of nationalism Quat stands for.

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## EASTERN EUROPE

7. Tito promises continued co-operation with West, but is evasive on military planning:

In his 25 April talk with Ambassador Riddleberger, Tito repeatedly stated that a fundamental postulate of Yugoslav policy continues to be improving relations with the United States. He admitted, however, that Yugoslavia's appraisal of the international situation differs from that of the United States and said he thinks a multilateral discussion should be held this summer.

Tito emphasized that the West should not consider European defense solely in terms of a "line of bunkers." He suggested that negotiations between East and West Germany might prevent a revival of German militarism.

Tito denied that Yugoslavia had lost interest in the American military aid program, but avoided a direct reply when the ambassador insisted on over-all Yugoslav military co-ordination with the West. Tito's response was that the Yugoslav general staff would put forth proposals for a "technical conference" in a few days.

He promised, however, to discuss at once with the general staff the difficulties which the United States has encountered in implementing its military aid program, and thought many of these could be resolved.

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Comment:

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[REDACTED] They reaffirm Belgrade's view that world tensions have lessened to such a degree that negotiations for the solution of East-West problems, particularly that of Germany, are of greater priority than development of a cohesive Western military force. The Yugoslavs undoubtedly believe more than ever that they are justified in pursuing their policy of independence of any bloc.

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9. Fighting between Vietnam National Army and Binh Xuyen may break out near Saigon:

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[redacted] Three battalions of the Vietnamese National Army at a town 15 miles southwest of Saigon are preparing to prevent a contemplated linking of Binh Xuyen and Hoa Hao forces in that area.

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[redacted] Growing anti-French feeling among both army and civilian elements was also noted

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[redacted] the present struggle is one between Diem and French colonialists, who are manipulating the opposition.

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Comment: Diem's order of 26 April removing the national police from Binh Xuyen control may considerably heighten tension in Saigon.

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